

Government of the District of Columbia

**FY 2003 Proposed Budget
and Financial Plan**

FY 2003–FY 2008 Highway Trust Fund

One City, One Future

Submitted to the

Congress of the United States

by the

Government of the District of Columbia

Government of the District of Columbia

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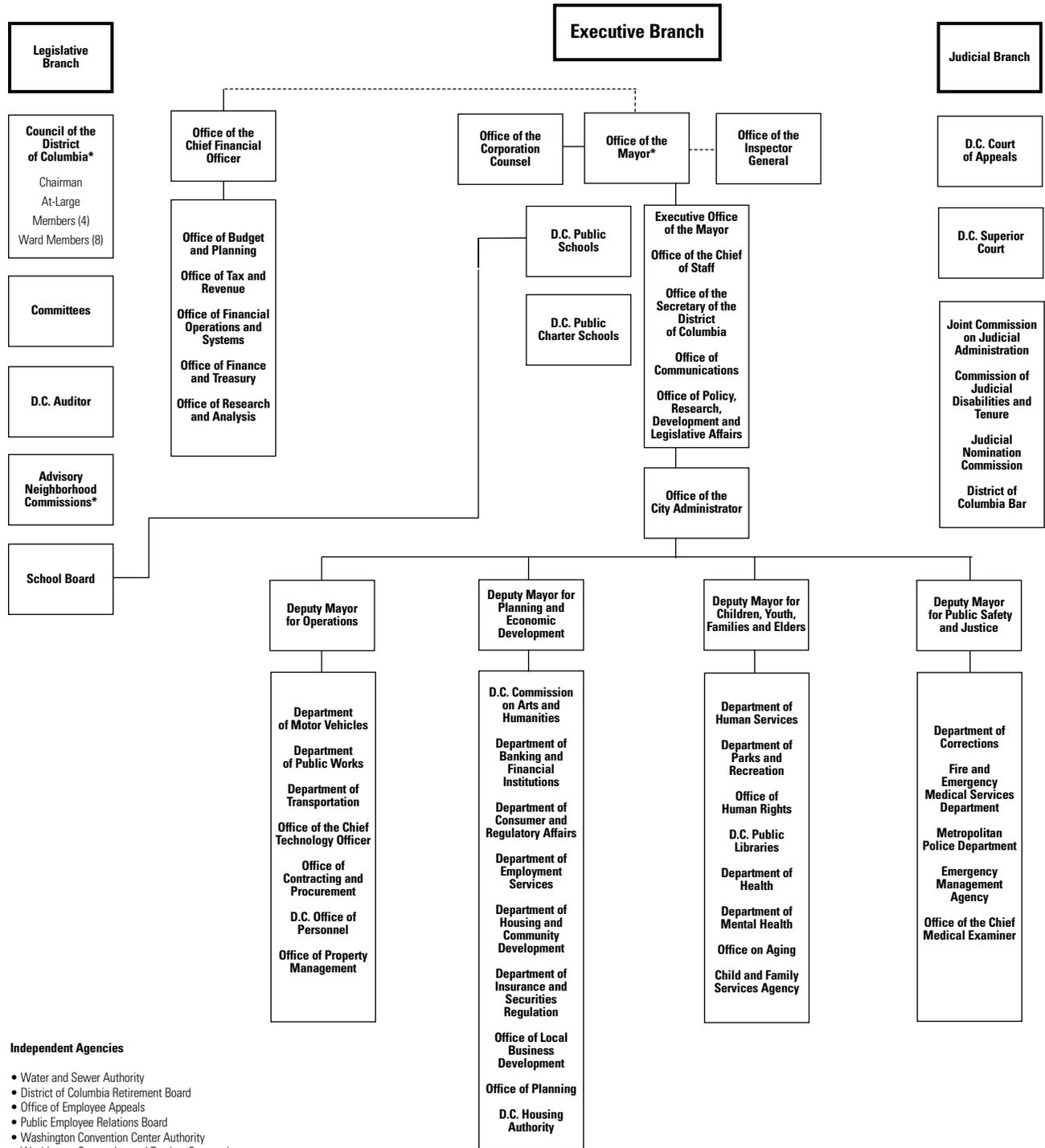
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Organization Chart, Government of the District of Columbia



Independent Agencies

- Water and Sewer Authority
- District of Columbia Retirement Board
- Office of Employee Appeals
- Public Employee Relations Board
- Washington Convention Center Authority
- Washington Convention and Tourism Corporation
- Housing Finance Agency
- Court Services and Offender Supervision Agency
- Pretrial Services Agency
- D.C. Lottery and Charitable Games Control Board
- D.C. Sports and Entertainment Commission
- Office of the People's Counsel

Charter Independent Agencies

- Zoning Commission
- D.C. Public Schools
- Public Charter Schools
- Public Service Commission
- Board of Elections and Ethics

Regional Bodies

- Metropolitan Washington Council of Governments
- National Capital Planning Commission
- Washington Metropolitan Area Transit Authority
- Washington Metropolitan Area Transit Commission

* Elected officials

**FY 2003-FY 2008
Highway Trust
Fund**

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FY 2003 - FY 2008 Highway Trust Fund

Description	FY 2002 Approved	FY 2003 Proposed	% Change
Operating Budget	\$38,346,532	\$34,687,122	-10%
Local Capital Budget	\$42,620,000	\$40,081,000	-6%
Capital Improvements Plan (Federal & Highway Trust Fund)	\$302,512,000	\$246,769,279	-18%

The mission of the District Department of Transportation (DDOT) is to provide reliable transportation facilities and services for residents, visitors, commuters and businesses; so they can move safely and efficiently, while enhancing quality of life and economic competitiveness.

Prior to FY 2003, the District Department of Transportation (DDOT) was a division within the Department of Public Works (DPW). For FY 2003, DDOT has become a separate cabinet level agency to more effectively compete for federal transportation dollars. The department also has joined a group of District agencies that will switch to Performance Based Budgeting to better associate costs to programs and services. The agency plans to fulfill its mission by:

- Working with the external agencies and internal processes to eliminate barriers to ensure the organization will be fully staffed with individuals with the necessary skills and is able to obtain necessary contractual resources.
- Reducing the overall number of vehicular, bicycle and pedestrian accidents and injuries by 4 percent annually, from FY 2002 to FY 2004.
- Working to increase the number of trips taken by alternate means of transportation, including mass transit, walking, bicycles, or high occupancy vehicles, by 3 percent annually, from FY 2002 to FY 2004.
- Implementing alternative strategies to maintain or enhance overall system capacity and traffic flow.
- Maintaining 70 percent of the District of Columbia's neighborhood streets, bridges, trees and sidewalks to a level that will rank "good" or "excellent" under the DDOT

Did you know...

Number of blocks paved in FY 2001*	676
Percent of potholes filled within 72 hours in FY 2001	95
Percent of main roads passable within 12 hours of 4" to 8" of snow in FY 2001	80

* The annual target number for blocks paved is 200. In prior years, the agency has received unscheduled funding from Congress, which allowed more blocks to be paved.

- Infrastructure Quality Index by 2003.
- Working toward a "good" or "better" rating by 2004 by 70 percent of individuals polled for the services provided by the agency.

Accomplishments

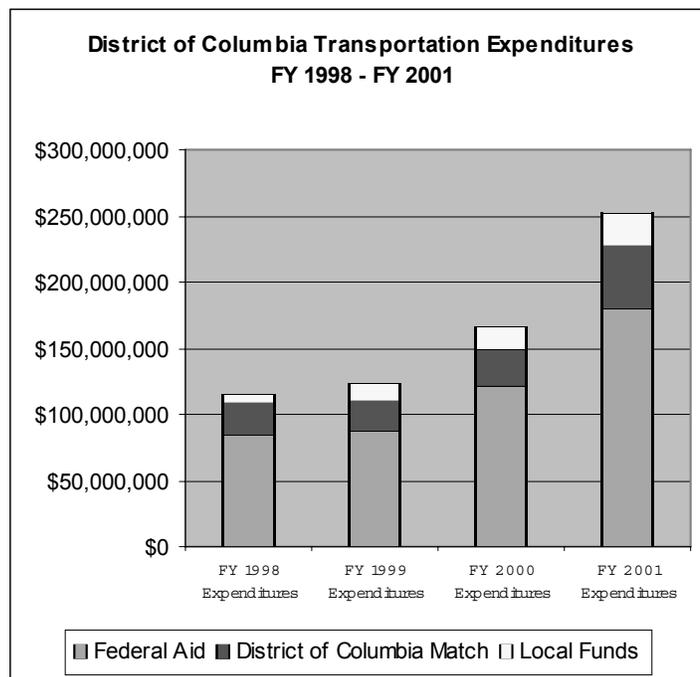
Numerous studies have identified many obstacles that have challenged DDOT to achieve its mission. These problems arose because there was no focused attention on transportation, no one able to speak directly to the District's leadership, the Mayor and the Council, about transportation problems. Over the years, the cumulative result of budget cuts, hiring freezes, and attrition, was that DDOT had reached the point where it was barely functioning. An assessment conducted by the Federal Highway Administration in 1998, DDOT was found to need more than 100 additional engineers to simply keep up with its existing programmatic demands.

However, efforts at revitalizing the organization have already begun to pay off. Over the last two years there have been some notable accomplishments across the full range of transportation activities for which DDOT is responsible. These include:

- Local Road Trust Fund (LRTF)** - DDOT has begun to stabilize the resources available

to it for its local infrastructure enhancement and improvement needs. With the dedication of all rights-of-way rental fees to the HTE, DDOT will have the basis for ending the "tale of two cities" - a city that gets \$100 million annually from the federal government for 400 miles of federal aid roads, but had no minimal resources for its 700 miles of local roads.

- Spending** - DDOT has begun spending its resources. In FY 2001 DDOT spent more than \$250 million for infrastructure renewal - a 40% increase over FY 2000, which was on top of a 33% increase over FY 1999 (DDOT more than doubled spending between FY 1999 and 2001).
- Project Management Teams** - The traditional functions of design, materials inspection and site inspection have been de-emphasized in favor of a new cross-functional operation focused upon the delivery of a proposed asset. Each team will be given a portfolio of projects and the resources necessary to deliver - fostering accountability and greater productivity.
- Local Road Reinvestment** - Over the last two summers and falls, with the help of Congress, the Financial Authority and the



Council, DDOT has used \$22 million in National Capital Infrastructure Funds to resurface over 1,200 blocks of neighborhood streets in all parts of the city.

- **Innovative Construction Techniques** - DDOT successfully experimented with full closure repaving methods on New York Avenue and South Capitol Street to sharply reduce the time such work takes, and its impact on travelers. The agency has also begun to use design/build contracting to speed project implementation.
- **Street Maintenance Improvements** - We have also made substantial progress on potholes. Response times are down to less than three days and requests are down overall. Maintenance staff has more than doubled to just under ninety employees.
- **The Georgetown Project** - DDOT has led the effort to bring the various utilities together for a comprehensive renewal of Georgetown's utility and streetscape infrastructure. The partnership of residents, businesses, utilities, contractors and D.C. Government can serve as a model of community involvement in infrastructure projects.
- **Street Cut Management** - Work in the public right-of-way is being done in a more orderly and safe manner. DDOT has been able to collect more than \$36 million in annual rental fees, issue fines that actually discourage lawlessness (over \$100,000 in fines issued to date), and develop policies for informing residents and pavement restoration that set a national standard. GIS technology will assist DDOT in mapping utility plans and identifying co-location opportunities - we now have over 25,000 linear feet in co-locations installed or underway.
- **Bicycle Program** - DDOT has made impressive gains in its bicycle program. These include: hiring the first full-time bicycle coordinator in 10 years, installing 70 bicycle-parking racks at District government buildings, libraries and recreation centers, signing an agreement with WMATA to include the Metropolitan Branch Trail in the New York

Avenue Metro station; and striping the first miles of bike lanes in recent memory.

- **Trees** - DDOT has begun the process of rebuilding its tree program, hiring a first-ever State Forester and going from zero to three arborists on board. And this is only the beginning given our partnership with the new Casey Tree Foundation.
- **Wayfinding Signage** - No longer requiring visitors to rely on their high school American history classes to find their way around town, DDOT, in cooperation with the National Capital Planning Commission, General Services Administration, Federal Highway Administration and the Downtown BID coordinated the development of a new wayfinding signage system to allow visitors to find major destinations more easily.
- **Transit Development** - DDOT led the effort to begin construction of the New York Avenue metrorail station. DDOT has also been working with WMATA to explore the potential for reintroducing light rail to various corridors throughout the District.
- **Emergency Response and Preparedness** - Under the aegis of the Mayor's Domestic Preparedness Task Force, DDOT is coordinating a regional effort to mesh evacuation route plans, improve inter-agency communication, develop commercial vehicle management strategies, and improve information sharing. Participating in our working groups are representatives from MDOT, VDOT, and the surrounding counties.
- **Anacostia Waterfront Initiative** - As part of our expanding relationship with the Office of Planning, DDOT has co-sponsored the effort to develop a comprehensive plan for the Anacostia waterfront. This multi-year vision for transformation will include a substantial investment in transportation infrastructure improvements and changes.

This list is just a selected sample of the recent successes in District's transportation program. They will serve as a foundation for enhanced operations and implementation of the transportation improvement plan.

Reorganization of the Department of Transportation (DDOT)

Since 1984, the transportation functions of the city have been fragmented within the Department of Public Works (DPW). To remedy this problem the District Division of Transportation (DDOT) was created, within DPW, to unite all transportation functions. A lack of focus, accountability and visibility had led to the deterioration of both the transportation infrastructure and stature of the program. The organization and staff had become removed from its mission - To provide safe and efficient movement of people and goods in and around the District - and frequently failed to act in a way that furthers this aim. As a division within the Department of Public Works, transportation was not receiving the attention and focus required for a program so large and complex.

DDOT is tasked as the primary steward and manager of the District of Columbia's transportation infrastructure the city's largest and most valuable asset. As part of its re-alignment within DPW, DDOT has begun the process of determining and clearly identifying what it should be doing. DDOT has analyzed where it can contribute the most the "value-added" to the transportation infrastructure development process and focus its efforts there, and reduce its resources and efforts on those areas where it can have lesser, or even negative impact. However, as a division within an agency, DDOT lacked the stature to compete on equal standing with other agencies and state-level departments of transportation for funding.

The proposal presented in DDOT's Council-approved Reorganization Plan, creating a new Department of Transportation, was prepared with several objectives in mind:

Objective One:

Focus and Accountability: DDOT will assume all responsibility for the planning, construction, inspection and maintenance of all transportation facilities and public rights-of-way within the District of Columbia. DDOT will focus on the product or services that is responsible for delivering, instead of unrelated matters. In addition, as a member of the Mayor's cabinet, DDOT's Director will be clearly responsible for the performance of the transportation program.

Objective Two:

Capability for Comprehensive Transportation Strategy: Unifying all transportation functions within DDOT will allow the agency to view, assess and address the issues, needs and programs that extend to all transportation modes. This includes the development and maintenance of the transportation infrastructure (roads, bridges, tunnels, alleys, trees, streetlights, signage and sidewalks); the operation of the traffic signal system; and the proliferation of transportation alternatives (metrorail, buses, light rail, bicycles and pedestrians). From this vantagepoint an inter-related system can be developed and managed.

Objective Three:

Enhanced Status to Represent the District's Transportation Needs: A Department of Transportation will be a cabinet-level agency, and will have the appropriate stature to deal directly with the Mayor and other key elected officials. The creation of this department will give the District of Columbia an organization, with equivalent stature to those in Maryland and Virginia, to represent District in regional transportation forums such as the COG Transportation Planning Board, and can advance the District's strategic interests on regional transportation policy. Furthermore, it will better position the District of Columbia to compete with other states for federal transportation funding.

To support its efforts in re-creating a Department of Transportation, DDOT enlisted the services of the Volpe National Transportation Systems Center (Volpe Center) of the United States Department of Transportation. The Volpe Center conducted an analysis of the current DDOT functions are perceived by its stakeholders and researched how other city and state organizations are organized to provide transportation services. The stakeholders included DDOT and DPW personnel, the City Administrator, Council staff, former members of the District's Economic Development Transportation Task Force, local consultants, and local Federal Highway Administration local counterparts.

The Volpe analysis concluded that the District Department of Transportation (DDOT) should be responsible for the planning, construction, inspection, maintenance, and operation of all transportation facilities and public rights-of-way within the District of Columbia. The

agency is organized into the following units, under the Office of the Director:

- **Infrastructure Project Management Administration** - The Infrastructure Project Management Administration shall be responsible for managing capital projects related to the design, engineering, and construction of streets, bridges and other transportation infrastructure.
- **Transportation Policy and Planning Administration** - The Transportation Policy and Planning Administration is responsible for developing and implementing transportation plans and policies to improve mobility throughout the city.
- **Traffic Services Administration** - The Traffic Services Administration is responsible for planning, operating, and maintaining the District of Columbia traffic services infrastructure for the safe and efficient movement of pedestrians and vehicles through the District's street system.

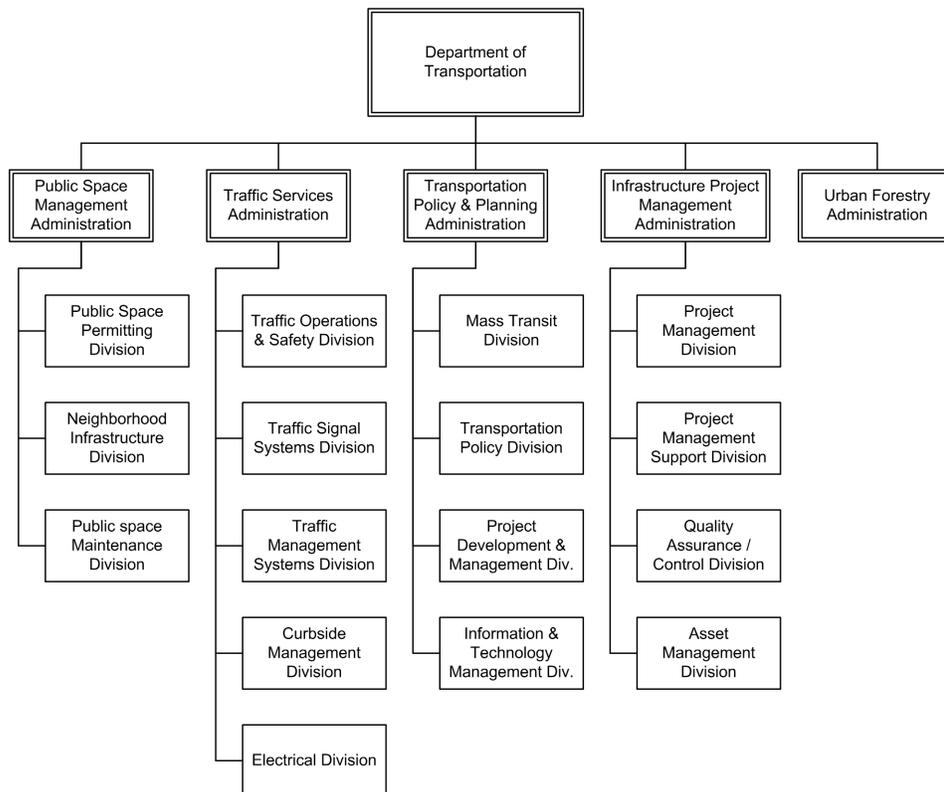
- **Rights-Of-Way Management Administration** - The Rights-of-Way Management Administration shall be responsible for managing the use and providing for the maintenance of the public rights-of-way.
- **Urban Forestry Administration** - The Urban Forestry Administration shall be responsible for developing plans and specifications and implementing the design, development, care and maintenance of the city's 110,000 street trees.

Funding Summary

The District Department of Transportation is supported by five primary funding sources including:

- Appropriated or local operating funds
- Federal funds (Federal Highway Administration)
- Highway Trust funds (motor fuel taxes receipts)
- Local Roads Maintenance funds
- Capital Borrowing or local capital funds

Figure KA0-1
Department of Transportation



Where the Money Comes From

Tables KA0-1 and 2 show the source(s) of funding for the District Department of Transportation.

Table KA0-1

FY 2003 Proposed Operating Budget, By Revenue Type Department of Transportation (KA0)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Local	\$25,686,000	\$23,611,000	\$30,084,000	\$29,157,324	-\$926,676
Federal	\$2,159,000	\$2,587,000	\$4,392,319	\$4,668,673	\$276,354
Other	\$2,131,000	\$2,300,000	\$2,436,550	\$660,089	-\$1,776,461
Intra-District	\$216,000	\$721,000	\$1,433,663	\$201,036	-\$1,232,627
GROSS	\$30,191,000	\$29,219,000	\$38,346,532	\$34,687,122	-\$3,659,410

Table KA0-2

FY 2003 Proposed Capital Budget, By Revenue Type Department of Transportation (KA0)

	Actual FY 2001	Planned FY 2002	Proposed FY 2003	Change From FY 2002 to FY 2003
Federal Highway	\$179,802,000	\$253,786,000	\$208,440,000	-\$45,346,000
Highway Trust Fund	\$52,431,000	\$48,725,000	\$38,330,000	-\$10,395,000
Local Roads	\$0	\$23,000,000	\$36,939,000	\$13,939,000
GO Bonds	\$12,269,000	\$19,620,000	\$3,142,000	-\$16,478,000
Congressional Infrastructure Fund	\$13,253,000	\$12,600,000	\$0	-\$12,600,000
GROSS	\$252,550,000	\$357,731,000	\$286,851,000	-\$70,880,000

How the Money is Allocated

Table KA0-3
FY 2003 Proposed FY 2003 Budget, All Sources
(dollars in millions)

INFRASTRUCTURE DEVELOPM'T & MAINT. (IN00)	FY 03 OB	FHWA	DC HTF	DC MF	CIF	GO Bond	Tot Capital	Tot Budget
Roadway Reconstruction/Resurfacing/Upgrading		31.850	8.454	5.684	1.874	1.398	49.260	49.260
Pavement Restoration	0.427	0.131	0.124	3.700			3.955	4.382
Sidewalks/Curbs/Alleys				6.050		1.744	8.529	8.529
Bridge Rehabilitation and Maintenance		23.672	5.958				29.630	29.630
Project Development & Management	0.116			1.000			1.000	1.116
Economic Development/Streetscape		4.100	1.210	6.889			12.199	12.199
Barney Circle Initiative		58.017	8.640				66.657	66.657
Federal Demo. & Highway Aid Match		21.235	5.056				26.291	26.291
Traffic Safety/Operations	11.633	11.113	2.569				13.682	25.315
Street Lights		11.817	2.247	1.250			15.314	15.314
Trees	2.214	0.799	0.209	4.791			5.799	8.013
Snow Removal	3.434						-	3.434
TOTAL INFRASTRUCTURE DEVELOPM'T & MAINTENANCE	17.824	162.734	34.467	29.364	1.874	3.142	232.316	250.140
TRANSPORTATION OPERATIONS (TR00)								
Public Space Permits	1.503						-	1.503
Traffic Calming, Marking & Equipment/Technology Improvements		2.672	1.011	2.750			6.433	6.433
Traffic Signal System		30.025	0.437				30.462	30.462
Electrical Systems				4.824			4.824	4.824
Mass Transit	0.201						-	0.201
Bicycle/Pedestrian Transportation		2.966	0.234				3.200	3.200
TOTAL TRANSPORTATION OPERATIONS	1.704	35.663	1.682	7.574			44.919	46.623
ADMINISTRATION AND OTHER FUNCTIONS (AD00)								
Management, Policy, Administration	7.285	4.850	0.882				5.732	13.017
Government Facilities						0	0	0
Intermodal Plan Mgmt & Admin	7.874	5.192	1.298				6.490	14.364
TOTAL ADMIN. AND OTHER FUNCTIONS	15.159	10.042	2.180			0	12.222	27.381
TOTAL DISTRICT DIVISION OF TRANSPORTATION	34.687	208.439	38.329	36.938	1.874	3.142	289.457	324.144

Local Funds

The proposed Local budget is \$29,157,324, a decrease of \$926,676 or 3.1 percent from the FY 2002 approved budget of \$30,084,000. Local funds are used to provide services that primarily have a local benefit, or have no other revenue source, such as utility costs and administrative expenses. Of the local funds, \$10,116,090 is used for salaries and fringe benefits.

Federal Funds

The proposed Federal budget is \$4,668,673, an increase of \$276,354 over the FY 2002 budget of \$4,392,319. This amount represents an increase in revenue projections associated with the Seat Belt Program and National Highway Traffic Safety Program. These grants support various District transportation program, with a primary focus on safety and mass transit. In FY 2002, DDOT shared federal funds with the Metropolitan Police Department to provide traffic safety enforcement efforts.

Other Funds

The proposed Other funds budget is \$660,089, a net decrease of \$1,776,461 from the FY 2002 approved budget of \$2,436,550. Of this amount, a decrease of \$699,357 is for personal services, and a decrease of \$1,077,104 is for non-personal services. This fund consists of revenues collected through fees collected for services performed including inspections, repair work, etc. Many of these collections and expenses are not reflected in the Local Road Maintenance Trust Fund.

Intra-District Funds

The proposed Intra-District budget is \$201,036; a decrease of \$1,232,627 from the FY 2002 approved funding level of \$1,433,663. This decrease consists of an increase of \$2,640 for personal services offset by a decrease of \$1,235,267 for non-personal services. For FY 2003, Intra-District funds will be used to support various programs and initiatives such as school subsidies associated with the issuance of student metro fare cards along with capital Intra-District transfers used to support on-going construction projects.

Highway Trust Funds

This account consists of federal-aid funds and gas tax collections used to support investment on the 449 miles of eligible federal-aid roads and highways. The Highway Trust Fund is used to pay the local match for obligated Federal Aid projects, match future transportation grants; and the remaining balances are to be used for capital improvements to local streets and roads

Local Road Trust Funds

Created in FY 2002 and funded with rights-of-way collections, this funding source allows the District of Columbia to maintain the quality of its local street system. Funds are dedicated for the maintenance and enhancement of all local streets

Performance Based Budgeting

DDOT served as one of nine pilot agencies to implement Performance-Based Budgeting (PBB) in FY 2003. This method of budgeting provides a mechanism for more accurately attributing dollar values to performance. This effort coincided with several initiatives within various administrations of DDOT to undertake business process reengineering (BPR), as well as activity-based costing (ABC). These efforts will allow for more efficient program execution and accurate analysis, as well as providing an objective method for presenting program benefits and implications.

DDOT invested significant energy into the PBB process, during which an inventory of DDOT services was conducted and then staff determined the most practical methods for evaluating performance. However, FY 2003 is the first step in the process. The PBB process encouraged buy-in at all levels and we are looking forward to full implementation over the next two budget cycles.

In developing this budget, DDOT has categorized its functions into three program areas: Infrastructure Development and Maintenance, Transportation Operations, and Administration. These groupings best typify how DDOT invests its resources and serves as a good foundation to discuss the entire DDOT program. The Department of Transportation is committed to the following programs:

Administration

The Administration program is responsible for articulating the department's mission and vision, and then developing and coordinating DDOT's strategy for the allocation of resources to achieve its mission. The program provides policy direction, overall management, communications and executive direction to Departmental staff, so that they can effectively deliver services to District of Columbia residents, businesses, commuters and visitors.

The program also is responsible for matching Federal and local financial resources to planning objectives, and ensures the timely implementation of transportation improvement plans and projects. The program provides the basic management support services required by the department. These include employee-related services, contracting services, the use of information technology to enhance performance, purchasing services, and analysis of departmental operations.

Key initiatives associated with the Administration program are:

- Providing training and professional development for the project management program.
- Institutionalizing performance management program throughout DDOT to create a more focused and accountable agency.

Administration accounts for \$27,381,200 or 8.4 percent of the FY 2003 proposed budget and 37 FTEs.

Table KA0-4

	FY02	FY03
Operating Budget Amount	NA*	\$15,159,200
Capital Budget Amount	NA*	\$12,222,000
FTEs	NA*	37

* Data is not available for prior years, since the agency has created a new program structure based on Performance Based Budgeting

Key Results Measures:

This program primarily supports the *Citywide Strategic Priority Area of: Making*

Government Work

Manager: Kevin Anderson, Chief of Staff

Program Manager Supervisor: Dan Tangherlini,
DDOT Agency Director

Percent of DDOT program result measures achieved

	FY 2003	FY 2004
Target	95	95

Infrastructure Development And Maintenance

The Infrastructure Development and Maintenance program supports the planning, construction and maintenance of a high-quality transportation infrastructure. To support this program, DDOT is implementing a project/program team approach.

The project management teams will be comprised of a project management team leader; co-team leader; project engineers, staff engineers (design, bridge/structural, and general), planning and support staff (finance, contracting, clerks and inspectors). Each team will be given a portfolio of projects and the necessary resources. This structure will foster ownership, accountability and greater productivity.

The maintenance teams also will be ward-based. They are charged with not only responding to maintenance requests; but also with being pro-active in identifying and conducting on-the-spot infrastructure repair. In addition, they will play a supporting role in snow and ice removal operations.

Often-over looked elements of the transportation infrastructure are the trees that line the streets of the District. They not only provide an environmental benefit, but also create a buffer between pedestrians and the flow of automobiles. Stewardship of trees will be taking on a more pronounced role, in terms of maintenance and as part of the review of project designs.

Key initiatives associated with the Infrastructure Development and Maintenance program are:

- Managing the National Highway System (NHS) asset management contract.
- Developing a comprehensive tree inventory system.
- Aligning DDOT operations into ward-based teams focusing on planning, project management, and maintenance.

For FY 2003, proposed funding for Infrastructure Development and Maintenance totals \$250,139,905, or 77.2 percent of the FY 2003 proposed budget and 378 FTEs.

Table KA0-5

	FY02	FY03
Operating Budget Amount	NA*	\$17,823,905
Capital Budget Amount	NA*	\$232,316,000
FTEs	NA*	378 ²

* Data is not available for prior years, since the agency has created a new program structure based on Performance Based Budgeting

Key Result Measures:

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Managers: Raj Ravilla, Chief Transportation Engineer; Ken Laden, Associate Director; Lars Etkorn, Associate Director; Mark Buscaino, State Forester

Program Managers Supervisor: Dan Tangherlini, DDOT Agency Director

Percent of DDOT projects requiring revisions that raise project costs by more than 10 percent or cause a delay of 60 days or more after project construction begins

	FY 2003	FY 2004
Target	90	90

Percent of bid responses within 10 percent of engineer's estimate

	FY 2003	FY 2004
Target	80	80

Percent of projects requiring no change orders for design deficiency or latent conditions

	FY 2003	FY 2004
Target	80	80

Percent of streets rated good or excellent on the Pavement Quality Index

	FY 2003	FY 2004
Target	72	75

Percent of projects completed on time and within budget

	FY 2003	FY 2004
Target	80	80

Percent of potholes filled within 72 hours

	FY 2003	FY 2004
Target	95	95

Number of pothole complaint calls per mile maintained

	FY 2003	FY 2004
Target	6.3	6

Percent of trees interacted with (planted, trimmed or removed)

	FY 2003	FY 2004
Target	21	25

Number of fatalities per 100 million-vehicle miles of travel

	FY 2003	FY 2004
Target	2	2

Percent decrease in annual pedestrian fatalities and injuries from the preceding year

	FY 2003	FY 2004
Target	4	4

Percent of streetlight repairs completed within established timeframes

	FY 2003	FY 2004
Target	80	80

Percent of streets passable within established timeframes

	FY 2003	FY 2004
Target	85	85

Transportation Operations

The goal of the Transportation Operations program is to provide an efficient and diverse transportation system for District residents, businesses, commuters and businesses so that they can travel efficiently within the District of Columbia.

The program regulates the public rights-of-way, and its uses, including traffic flow, parking and utility work. Which is accomplished by

² This FTE count includes capital funded positions or positions associated with the federal transportation program.

³ This FTE count includes capital funded positions or positions associated with the federal transportation program.

operating the traffic signal system, developing parking policy to maximize traffic volume or provide traffic calming, and permitting the lawful use of public space.

Another facet of this program is the promotion of alternate forms of transportation and the funding for developing a multi-modal transportation system.

Key initiatives associated with the Transportation Operations program are:

- Developing and implementing a citywide traffic-calming program.
- Preparing a comprehensive bicycle plan.

Proposed FY 2003 funding for Transportation Operations totals \$46,623,017, or 14.4 percent of the FY 2003 proposed budget and 124 FTEs.

Table KA0-6

	FY02	FY03
Operating Budget Amount	NA*	\$1,704,017
Capital Budget Amount	NA*	\$44,919,000
FTE	NA*	124 ³

* Data is not available for prior years, since the agency has created a new program structure based on Performance Based Budgeting

Key Result Measures:

This program primarily supports the *Citywide Strategic Priority Area of: Making Government Work*

Program Managers: Wil DerMinassian, Associate Director; Lars Etkorn, Associate Director; Ken Laden, Associate Director; Alex Eckmann, Mass Transit Administrator

Program Managers Supervisor: Dan Tangherlini, DDOT Agency Director

Percent of rights-of-way permittees in compliance

	FY 2003	FY 2004
Target	85	85

Percent of malfunctioning signals repaired within 24 hours

	FY 2003	FY 2004
Target	80	85

Percent of damaged stop or yield signs responded to within 24 hours

	FY 2003	FY 2004
Target	100	100

Percent change in transit ridership

	FY 2003	FY 2004
Target	3	3

Percent of total trips made by bicycles

	FY 2003	FY 2004
Target	1	1

Project Descriptions

DDOT undertakes specific sub-projects under the following project descriptions.

1. **TRANSPORTATION ELECTRICAL SYSTEM IMPROVEMENTS (AD0/ADT)** The purpose of this project is to renovate and replace the District's aging transportation electrical infrastructure on and off the Federal-aid Highway System. This project will upgrade tunnel lighting, tunnel ventilation systems, overhead sign lighting, freeway air rights lighting and the replacement of transformer components containing polychlorinated biphenyls (PCBs).
2. **HIGHWAY AID MATCH FUND (AF0/AFT)** The purpose of this project is to provide the District with local matching funds for federal aid needed for either emergency or high-priority transportation improvement projects.
3. **WHITEHURST FREEWAY (AV6)** This project rehabilitates the Whitehurst Freeway and restores portions of Lower K Street, N.W. in Georgetown.
4. **TRAFFIC SAFETY IMPROVEMENTS (CB0/CBT)** This project provides critical safety improvements at high-accident and hazardous traffic areas on and off the Federal-aid Highway System. Traffic safety

improvements include the installation and replacement of impact attenuators, elimination or relocation of roadside visual obstructions, and a combination of modifications to traffic channeling, signals, signs and markings to eliminate or reduce accidents.

5. **BRIDGE REHABILITATION AND REPLACEMENT (CD0/CDT)** The replacement or rehabilitation of deteriorated bridges is the Department's highest priority in the transportation capital program because bridges are critical links in the District's street and highway network and serve an essential public safety function. This project repairs, restores and replaces deteriorated, unsafe bridge structures, tunnels and elevated highway facilities on and off the Federal-aid Highway System.
6. **ROADWAY RESURFACING (CE0/CET)** This program provides for the restoration and rehabilitation of distressed streets and highway pavements through resurfacing improvements on the Federal-aid Highway System.
7. **ROADSIDE IMPROVEMENTS (CG0/CGT)** This program provides for the removal and replacement of dead, or diseased trees in public rights-of-way and for related roadside improvements and restoration work on the Federal-aid Highway System.
8. **TRAFFIC SAFETY IMPROVEMENTS (CHT)** This program provides for the design and reconstruction of substandard streets and highways eligible for Federal-aid highway program funds.
9. **TRAFFIC OPERATIONS IMPROVEMENTS (CI0/CIT)** This program's mission is to modify and improve vehicular and pedestrian traffic control systems such as traffic signals, channelization, signs, pavement markings, and other traffic control measures on and off the Federal-aid Highway System. These measures are con-

sistent with new and development zoning changes. Operational improvements accommodate new traffic patterns and ensure that streets continue to serve the multiple functions of both land use access and traffic service.

10. **ROADWAY RECONSTRUCTION (CK0/CKT)** This program provides for the reconstruction of streets and highways on the Federal-aid Highway System. Total roadway reconstruction is required when the highway pavement has reached the end of its useful life and can no longer be resurfaced.
11. **CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT (CM0/CMT)** This project is for transportation projects and programs focused upon meeting the requirements of the Clean Air Act, which was developed to improve air quality in a region. Eligible activities include transit improvements, travel demand management strategies, traffic flow improvements, and public fleet conversions to cleaner fuels, among others. This program's mission is to reduce mobile source emissions through the reduction in the number of vehicle miles traveled, improve vehicle inspection programs and support other Transportation Control Measures.
12. **FEDERAL DEMONSTRATION (FDT)** This project is to design and construct Congressionally mandated demonstration projects required by the Transportation Equity Act for the 21st Century (TEA-21) (Public Law 105-178) and, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) (P.L. 102-240).
13. **BESTEIA/ISTEA REAUTHORIZATION (IRT)** This project is in response to the Transportation Equity Act for the 21st Century (TEA-21), Public Law 105-178 and TEA-21 Restoration Act (Title IX of H.R. 2676). Under the law, the District is allowed to use \$97.8 million out of the full \$173 million for "Local Street" improve-

ments and the remaining \$75.2 million for National Highway System activities. The project matching requirements will be 15% local and 85% federal. The \$173 million may require as much as \$31 million in matching funds. Use of the \$173 million is restricted to the 4 year "under contract or construction" clause in the law.

14. FEDERAL PLANNING AND MANAGEMENT SYSTEMS (PM0/PMT)

This program is to develop and implement federally mandated multi-modal planning, system management, regional planning and innovative programs designed to produce more safe and efficient transportation systems, improve the environment, and to reduce congestion.

15. BICYCLE PROGRAM (ZUT) Both the Transportation Equity Act for the 21st Century (TEA-21 P.L. 105-178) and the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) (P.L. 102-204) placed special emphasis on alternative modes of transportation. The statutory references for bicycle improvements can be found in Section 141 of the 1978 STAA (P.L. 95-599), Section 133(3) (2) of the 1987 STURAA (P.L. 100-17) and various sections in the ISTEA of 1991 (P.L. 102-240). The bicycle project also supports local matching funds mandated by the U.S. Congress for the Metropolitan Branch Trail (MBT). Bicycle facilities provide an alternative mode of transportation. Bike facilities result in a reduction of automobile use along the various corridors. The number of district residents who choose bicycling as a mode of transportation has increased over the years. Statistical information shows that the bicycle commuter population has grown from 0.8% of the total transportation population in 1995 to slightly over 1% in 1996. The Metropolitan Washington Council of Government's endorses a goal of 5% mode share for bicycles by the year 2000.

16. ECONOMIC DEVELOPMENT INITIATIVES (ED0/EDL) The purpose of this project is to provide transportation improvements to targeted areas as a means for stimulating private-sector activity and to improve the quality of life in District neighborhoods for its residents. Economic development projects requiring transportation capital improvements on the Federal-aid Highway System may be eligible for federal funds.

17. STREET REHABILITATION PROGRAM (SR0/SR3) For FY 2003, Roadway Resurfacing, Roadway Reconstruction, and Roadway Upgrading will be combined into this new project. Each contract will be developed by Ward to perform resurfacing, reconstruction and upgrading within the same geographic area. It is believed that by combining all three elements into one contract will produce a comprehensive improvement of a neighborhood and will reduce disruption in the community. A detailed coordinated plan can be prepared for the entire neighborhood with participation from community leaders prior to the beginning of construction. This plan would include when streets would be closed, parking management issues, movement of vehicular traffic, temporary bus routes and other mitigation measures to facilitate access into and out of the neighborhood.

Capital Improvements Plan FY 2003 - FY 2008

Background

The Department of Transportation is responsible for the implementation of all capital improvements to streets, highways, and bridges (except those under the jurisdiction of the National Park Service, Pennsylvania Avenue Development Corporation, and the Architect of the Capitol). Capital improvements to these facilities include:

- Resurfacing and reconstructing deteriorated roadways
- Resurfacing, reconstructing, and structural repairs to deteriorated bridges
- Constructing missing links in the roadway network
- Improving safety conditions
- Improving traffic flow and roadside aesthetics
- Installing and repairing signaling systems

The inventory of streets and highways under the District's jurisdiction extends approximately 1,421 centerline-miles of urban roads. The streets and highways consist of two-lane residential streets up to multilane Interstates. There are 229 (Federal Aid Match) bridges that range from crossings over minor drainage ways to the interstate highway bridges over the Potomac and Anacostia Rivers. Approximately 400 of the 1,020 (or 39.2 percent) miles of streets and highways are eligible for Federal Aid Match, as are most bridges. Federal Aid Match is granted for (approximately) 80 percent of the construction, design and project management costs of an eligible roadway project provided that the District matches the remaining (approximately) 20 percent.

Over the past 25 years the District invested in excess of \$5 billion in Federal and District capital funds for transportation aid highway projects (not including special appropriations from the U.S. Congress for the Washington Transit system). Although the District placed great emphasis on its transportation infrastructure, investing a substantial portion of its capital financing to the program, the District fell far short of meeting the financial needs of the Federal grant matching requirements and the overall transportation

improvement program. As a result, a "backlog" of deferred road and bridge maintenance requirements developed rapidly and compounded at a greater rate than typical maintenance efforts could sustain. Magnifying this problem was the District's obligation to pay back the deferred local match to Federal grants and to match future transportation grants or forfeit Federal funding.

To bridge the gap, the District has utilized other funding sources to support its transportation infrastructure program. After the Federal Highway Administration (FHWA) funded the Barney Circle project and the District was prepared to construct the highway in 1995, District residents voiced their opposition and forced the project to be abandoned. The \$173 million in funding associated with this project was redirected to the District to be used on other transportation projects. The use of this short-term funding stream will end in FY 2002, as all of the money was legislated to be obligated towards projects by June 2002.

Another, extremely successful funding source is the National Congressional Infrastructure Fund (NCIF). Congress has appropriated over \$22 million in capital funds to DDOT over the last 2 years for road resurfacing on District local streets. It has allowed DDOT to pave over 1,300 blocks in the last 2 fiscal years. However, this source is not guaranteed or is the amount consistent, therefore DDOT cannot plan its program based upon this source.

DDOT has had some success in using General Obligation bonds (GO Bonds) to fund transportation infrastructure improvements. However, given the size of the local share for transportation, the District could not continue financing its transportation needs exclusively through the issuance of general obligation bonds. In order to bridge the gap between financing and capital improvements requirements (and as mandated by the Congress), the D.C. Highway Trust Fund (the "Highway Trust Fund") was established in FY 1995.

Further progress was achieved in FY 2001, when the "Maintenance Fund" was established within the Highway Trust Fund to support the repair and maintenance of the local road network.

Local Street Program

Department of Transportation's Local Street Program has two sources of funding. Historically, this program has been funded by General Obligation Bonds. In FY 2001 The Council of the District of Columbia amended the Highway Trust Fund Act of 1996 and established a separate fund from the General Fund of the District of Columbia called the "Maintenance Fund" exclusively for the renovation, repair and maintenance of local transportation infrastructure including streets, alley's, sidewalks, curbs, gutters and streetlights that are not eligible for federal aid.

The Highway Trust Fund Amendment Act of 2001 mandates the following provisions:

- A. It establishes a separate fund from the General Fund of the District of Columbia called the "Maintenance Fund". All revenue derived from the collection of the public rights-of-way user fees, charges and penalties, and all other revenues authorized to be collected by Department of Transportation shall be deposited in the Maintenance Fund without regard to Fiscal Year Limitations.
- B. Any excess monies remaining in the Highway Trust Fund (after the requirements of section 3 of the Highway Relief Act have been met and remaining balances not necessary for the purposes outlined in Title 23 of the United States Code, based on the 6 year projected trust fund performance, shall be deposited in the Local Maintenance Fund.
- C. The fees deposited into the Maintenance Fund shall not revert to the General Fund of the District of Columbia at the end of any fiscal year or at any other time, but shall be continually available exclusively for the renovation, repair, and maintenance of local transportation infrastructure including streets, alley's, sidewalks, curbs, gutters and streetlights that are not eligible for federal aid.

Overview

Over the six-year period FY 2003 to FY 2008 the Local Street Program anticipates \$228 million in funding and \$228 million in planned expenditures. It contains 17 projects and 66 subprojects.

During FY 2003, the Local Street Program identifies \$40 million in total planned funding. This represents 6 percent of total funding for the entire FY 2003 Capital Budget. Additionally, the FY 2003 Local Street Program identifies \$40 million in planned expenditures. This represents 6 percent of total expenditures for the entire FY 2003 Capital Budget. The following table provides a brief overview of the FY 2003 to FY 2008 Local Street Program

Table KA0-7

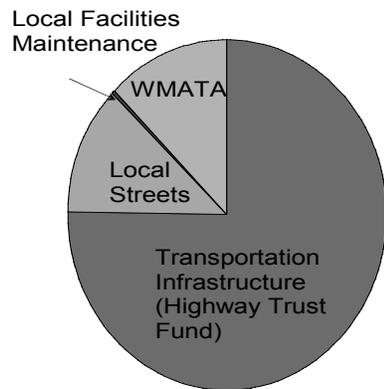
(dollars in thousands)

Overview	Figure
Number of Ongoing Projects	10
Total Number of Ongoing Subprojects	17
Number of New Projects	7
Number of New Subprojects	49
Total Number of Projects	17
Total Number of Subprojects	66
Total FY 2003 Planned Funding ¹	\$40,081
Total FY 2003 - FY 2008 Planned Funding	\$228,292
Total FY 2003 Planned Exp.	\$40,081
Total FY 2003 - FY 2008 Planned Exp.	\$228,292

¹This figure includes Local Facilities Maintenance

The chart below breaks down DDOT's FY 2003 planned expenditures into four major categories: Transportation Infrastructure (Highway Trust Fund), Transportation Infrastructure maintenance (Local Streets), Local Facilities/Maintenance and the Washington Metropolitan Area Transit Authority - WMATA. It is clear from the chart that Transportation Infrastructure (Local Streets) is a significant part of Department of Transportation's portfolio.

Figure -KA0-2
FY 2003 DDOT Planned Expenditures by Major Division



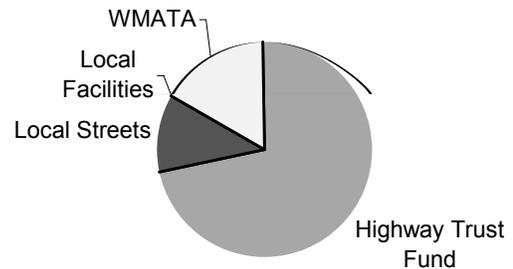
The data used to develop the figure KA0-2 is displayed in Table KA0-8.

Table KA0-8
 (dollars in thousands)

DDOT Funding Categories	FY2003 Planned Exp.
Highway Trust Fund ⁴	\$246,769
Local Streets	\$38,699
Local Facilities/Maint.	\$1,382
WMATA	\$40,500
Total	\$328,732

Figure KA0-3 is similar to figure KA0-2, however, the data covers planned expenditures over the six-year period, FY 2003 through FY 2008. Notice the percent of transportation infrastructure planned expenditures versus total planned transportation expenditures from FY 2003 (12 percent) to the information for the six-year plan (12 percent). This shows major planned expenditures reach well into the out years for Transportation Infrastructure.

Figure -KA0-3
Percentage of FY 2003 to FY 2008 Planned Expenditures by Major Division



The data used to develop figure KA0-3 is displayed in table KA0-9.

Table KA0-9
 (dollars in thousands)

DDOT Funding Categories	FY 2003 - FY 2008 Planned Exp.
Highway Trust Fund	\$1,356,727
Local Streets	\$226,910
Local Facilities	\$1,382
WMATA	\$314,200
Total	\$1,899,219

Clearly, Transportation Infrastructure (Local Street Program) plays the 3rd largest financial and programmatic role in DDOT's capital program. It is also necessary to understand how the other Transportation Infrastructure (Highway Trust Fund) relates to the overall FY 2003 through FY 2008 CIP and FY 2003 Capital Budget.

⁴ Figure for FY 2003 planned expenditures is for total Highway Trust Fund (District portion and Federal portion).

Highway Trust Fund Program Overview

Over the six-year period FY 2003 to FY 2008, the Highway Trust Fund anticipates \$1.4 billion in funding and \$1.4 billion in planned expenditures. It contains 28 projects and 570 subprojects.

During FY 2003, the Highway Trust Fund identifies \$247 million in total planned funding⁵. This represents 28 percent of total funding for the entire FY 2003 Capital Budget. Additionally, the FY 2003 Highway Trust Fund identifies \$247 million in planned expenditures⁶. This represents 28 percent of total expenditures for the entire FY 2003 Capital Budget. The following table provides a brief overview of the FY 2003 to FY 2008 Highway Trust Fund.

Table KA0-10
(dollars in thousands)

Overview	Figure
Number of Ongoing Projects	26
Total Number of Ongoing Subprojects	500
Number of New Projects	2
Number of New Subprojects	70
Total Number of Projects	28
Total Number of Subprojects	570
Total FY 2003 Planned Funding	\$246,769
Total FY 2003 - FY 2008 Planned Funding	\$1,356,727
Total FY 2003 Planned Expenditures	246,769
Total FY 2003 - FY 2008 Planned Expenditures	\$1,356,727
Six-Year Highway Trust Fund Anticipated Balance as of FY 2008	\$37,039

In order to comprehend the magnitude of the Highway Trust Fund, it is necessary to understand the Highway Trust Fund's relationship to the overall capital program and the entire FY 2003 through FY 2008 CIP and FY 2003 Capital Budget. This way, it is possible to see anticipated growth or decline in the program. Additionally, the analysis acts as a starting point, a benchmark for future funding and expenditure comparisons.

⁵ Figure includes beginning fund balances as outlined in the Cash Flow Proforma.

⁶ Figure includes District's portion (local share) and Federal portion (Federal Aid) of expenditures.

⁷ This figure includes the District's portion (local share) of \$38 million plus the Federal portion (Federal Aid) of \$208 million

Figure KA0-4 shows Transportation Infrastructure (Highway Trust Fund) as a percentage of total FY 2003 planned expenditures. The data used to develop this figure is displayed in Table KA0-11:

Figure -KA0-4
Transportation Facilities (Highway Trust Fund) as a Percentage of Total FY 2003 Planned Expenditures

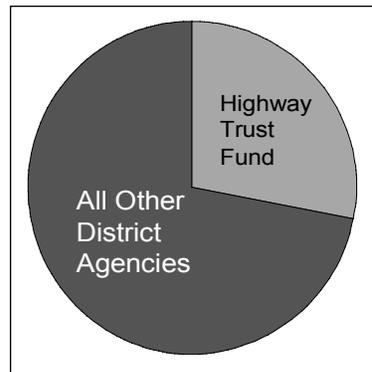


Table KA0-11
(dollars in thousands)

Agency	FY 2003 Planned Expenditures
(Highway Trust Fund) ⁷	\$246,769
All Other District Agencies	\$631,847
Total	\$878,616

Figure -KA0-5
**Percentage of FY 2003 to FY 2008 DDOT
 Planned Expenditures by Major Division**

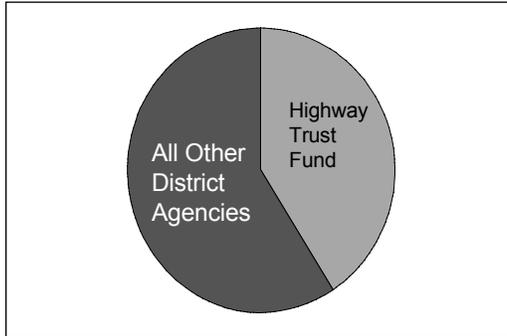


Figure KA0-5 is similar to figure KA0-4, however, the data covers total FY 2003 through FY 2008 planned expenditures. The data used to develop figure KA0-5 is displayed in Table KA0-12.

Table KA0-12
 (dollars in thousands)

Agency	FY 2003 - FY 2008 Planned Exp.
Highway Trust Fund ⁸	\$1,356,727
All Other District Agencies	\$1,975,974
Total	\$3,332,701

As demonstrated on the previous pages, the Highway Trust Fund plays a key financial role in the District's overall capital program. Consequently, it is imperative that the District monitor planned vs. actual spending in order to ensure consistent Highway Trust Fund expenditure patterns. Failure to capture the estimated \$250 million annual FHWA match funding would have severe negative impacts on the District's economy.

District of Columbia Emergency Highway Relief Act of 1995

In FY 1995, as a result of the District's inability to finance its local matching requirements under the Federal Highway program, the Congress passed "The District of Columbia Emergency Highway Relief Act of 1995" (PL 104-21).

Pursuant to the Act, the District has pledged proceeds of the Motor Fuel Tax to the Highway Trust Fund.

The Highway Trust Fund's mission is to:

- Pay back the waived local match
- Pay the local match for obligated Federal Aid Match projects
- Match future transportation grants
- Use the remaining balances for capital improvements to local streets and roads

In addition, the Highway Trust Fund has been used to finance:

- Local street "pot hole" repairs
- A portion of the personnel costs related to the implementation of the transportation program
- Non-participating Federal Aid Match costs related to transportation, such as sewer cleaning
- Storm drain improvements and retaining walls

In order to assure that the District does not repeat the events that gave rise to the District of Columbia Emergency Highway Relief Act, wherein the District did not have sufficient resources to meet its local match, four primary guidelines for ensuring accountability were established in the FY 1999 through FY 2004 Capital Improvements Plan and FY 1999 Capital Budget and will continue to be utilized in the FY 2003 through FY 2008 CIP. The four guidelines are as follows:

Guideline 1⁹: Transportation projects are prioritized based on the following criteria :

Table KA0-13

Priority -

1. The Bridge and Pavement Management System (BPMS) structural deficiency rating
2. Safety
3. High accident location analysis
4. Congressional and District mandates
5. Air quality mitigation projects
6. Lighting needs
7. Traffic signal repairs
8. Aesthetics

⁸ Includes District's portion (local share) of \$210 million plus the Federal portion (Federal Aid) of \$1.1 billion.

⁹ See Appendix C for future information on the methodology for evaluating new transportation projects.

Guideline 2: cost estimates are determined for the following factors:

Table KA0-14

COST ESTIMATE FACTOR -

1. Design
2. Project Management
3. Construction

Guideline 3: Cash flow analysis is developed based on the following factors:

Table KA0-15

CASH FLOW FACTORS -

1. Possible beginning balances
2. Prior year spending
3. Planned agency expenditures
4. Anticipated Motor Fuel Tax revenue

Guideline 4: separate projects are created for the following:

Table KA0-16

PROJECT -

1. Projects funded in whole or in part by Federal Highway Administration grants with a corresponding local match (Highway Trust Fund projects)
2. Projects which are to be exclusively funded by the District (local streets projects)

Projected Spending

In view of the matching requirements of the Highway Trust Fund, prior to FY 1995, all local street capital improvements (59 percent of the total miles of streets and highways are under the District's jurisdiction) were financed with general obligation bonds. Proceeds of the Motor Fuel Tax have been pledged in order to leverage the Federal Highway Administration grants since FY 1995.

The FY 2003 Highway Trust Fund planned expenditures are based on the following three expenditure priorities (responsibilities):

Table KA0-17

Spending Priority (Responsibility)

1. Federal Aid projects requiring a local match
2. Salaries and Non-Federal Aid Match participating cost
3. 100 percent local funded capital projects

Efficient use of scarce resources and accurate expenditures projections, as well as monitoring of the actual cash flows for the Highway Trust Fund, are essential in keeping expenditures in line with projected revenues. DDOT defers implementation of capital projects when necessary to maintain a balance in the Highway Trust Fund. Two critical factors affecting the expenditure projections are:

- Executing contracts in the prescribed manner and in accordance with established guidelines
- Ensuring that contractor payments are made in a timely manner

With the revised expenditures plans (as detailed in the project descriptions herein), DDOT is currently addressing the pressing transportation infrastructure requirements of the District, utilizing its obligated authority from the Federal Highway Administration, and remaining within its expenditures constraints.

Revenue Volatility

As stated earlier, the Highway Trust Fund is dependent solely on the Motor Fuel Tax in order to:

- Pay the current portions of local match for the Federally aided projects
- Match future grants at the required ratio
- Meet other expenditures associated with road improvements incurred by the Highway Trust Fund

Historically, the Motor Fuel Tax has proven highly volatile. A number of economic, environmental, and consumer factors impact on the levels of the Motor Fuel Tax receipts available to the District over any given comparison period. Therefore, it is important to understand the significant range of fluctuations in the Motor Fuel Tax receipts from year to year. Moreover, the fluctuations do not readily establish a pattern

that is useful for accurate forecasting of receipts.

Obligations for Federally matched projects must be carefully considered and monitored in light of the highly volatile motor fuel tax revenue stream. Although a "base-case" can be constructed using reasonable assumptions; it is important to note the extreme sensitivity of the Highway Trust Fund to minor changes in revenue estimates. This is particularly important given DDOT's historic strategy of maximizing obligations for Federally matched projects. As a result, careful monitoring of the actual cash flows from the Motor Fuel Tax are conducted on an on-going basis to ensure that obligations for anticipated Federally matched projects do not exceed the revenue base of the actual cash inflow from the Motor Fuel Tax.

Cash Flow Proforma

The Highway Trust Fund Cash Flow Proforma

The Cash Flow Proforma summarized herein establishes estimated budgets for each category ("Phase") of expenditures within the Highway Trust Fund transportation program. To produce an accurate Cash Flow Proforma, several departments within the Office of the District's Chief Financial Officer must provide timely and accurate up-to-date schedules and forecasts to the Department of Transportation for preparation of the Cash Flow Proforma.

The Cash Flow Proforma is based on individual budget and cost estimates for available subproject funding. The specific cost estimate categories are as follows:

Table KA0-18

Cost Estimate Category	Description*
Project Management Budget	
*Inclusive of DDOT salaries for personnel working on Federal Aid Match eligible projects. This also includes costs associated with construction management.	
Non-participating Costs Budget	
*Inclusive of costs not eligible for Federal Aid Match. This includes overhead cost in excess of the 15 percent of construction cost covered by the FHWA, utility costs, water and sewage line repairs and cleaning, and construction enhancements not covered by the FHWA.	
Design, Site, Equip., and Construction Budget	
*Expenditures eligible for Federal Aid Match. Inclusive of all costs related to the development and construction of transportation projects.	

The Cash Flow Proforma includes actual beginning fund balances for the District's portion (local share) and the Federal portion (Federal Aid). The initial beginning fund balances are based on fund balances as reported in the District's Comprehensive Annual Financial Report. Future Beginning Fund Balances are based on projects that are in the "pipeline" for implementation. This does not represent a backlog of projects awaiting future action. Rather, the pipeline (beginning fund balances) represents those ongoing projects that have been funded by the District (approximately 20 percent) and matched by Federal Aid (approximately 80 percent) but are not yet complete.

For budgeting and reporting purposes, it is necessary to show these beginning fund balances. In this way, sources and uses are accurately noted and the magnitude of the program is more clearly presented.

Cash Flow Proforma Methodologies

Determining Interest Rates for use in the Highway Trust Fund Forecasts: There are several factors that determine the interest rates on District investment, including the state of the U.S. economy and the level of certain short-term interest rates established by the Federal Reserve.

Therefore, it is difficult to accurately predict what interest rates will be in the future. The best predictor of future interest rates is current interest rates, given that all available information on the current and future condition of the economy and the financial marketplace are factored into the current interest rates. However, due to the variable nature of interest rates, it is prudent to be conservative in estimating future interest rates. Given the District's permitted investment instruments and the nature of the District's pooled cash investments, the interest rates that the District earns on its pooled cash investments closely approximate the federal funds rate (the interest rate that banks charge each other for overnight loans). In consideration of the above, the Office of Finance and Treasury (OFT) executes the following procedures to determine an annualized interest rate that the Department of Transportation (DDOT) can use projected interest earnings on funds held by the District in association with the Federal Highway Trust Fund:

1. Determine the Target Federal Funds Rate established by the Federal Reserve as of close of business on the business day preceding the submission, December 31st, April 14th, July 14th, and October 14th of each year.
2. Subtract 25 basis points, i.e., 0.25 percent, from the Target Federal Funds Rate indicated in item "1" above.
3. Submit a memorandum from OFT to DDOT stating that, as of the date of the memorandum and until further notice, the rate determined by the calculation in item "2" above shall be the annualized interest rate used in its forecasts.

Generating the revenue estimates within OTR/TEPA: The auto-regressive integrated moving average (ARIMA) approach is the most appropriate statistical method to forecast a time series of data, such as the consumption information collected for this revenue source. ARIMA procedure looks at the history of a series in order

to predict future levels of the series. The model predicts quarterly motor fuel consumption for 10 quarters that provide estimates for:

- The last two quarters of the current fiscal year
- All four quarters of the upcoming fiscal year
- All four quarters of the subsequent years

In the out-years of the forecast period, straight-line estimates were chosen, since the ARIMA model is better at predicting closer data points. The rate of change during the FY 2000 through FY 2001 period was a decrease of 0.9 percent per year, and this rate was used to calculate the estimates for FY 2003 through FY 2008.

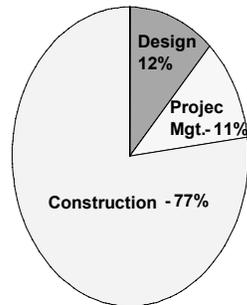
Creating the Cash Flow Proforma: The Department of Transportation identifies projects based on the D.C. Six-Year Transportation Actions and Investment Plan, Transportation Improvement Program, 20-Year Financial Plan, and the Strategic Transportation Plan. These plans are based on data generated by the Bridge Management System, the Pavement Management System, and safety and high accident location analyses. Also, projects are identified by congressional and City Council mandates, air quality mitigation issues, lighting needs and traffic operations improvements.

The costs of planning, design, project management, and the construction phases are inclusive components of the total cost of the project. The cost for each phase is broken out into quarters within fiscal years. The sum of all of the projects spending by phase is put into a spreadsheet to determine what the actual projected spending is for each fiscal year. That number is compared to the balance in the Highway Trust Fund to determine if adequate financing is available to proceed with all of the projects. The Highway Trust Fund Proforma is developed from DDOT's spending plans and from the estimated revenues dedicated to the District's Highway Trust Fund.

¹⁰ The District estimates \$125 million based on Federal guidelines for estimating subproject (location) expenditures

Figure -KA0-6

Annual Percentage of Total FY 2003 to FY 2008 Transportation Facilities (Highway Trust Fund) Planned Expenditures by Phase



The data used to develop figure KA0-6 is displayed in Table KA0-19.

Table KA0-19

Phase	Total FY 2003 - FY 2008 Planned Expenditures (dollars in thousands)
Phase A - Design	\$160,255
Phase B - Site	\$100
Phase C - Project Management	\$154,066
Phase D - Construction	\$1,040,601
Phase E - Equipment	\$1,705
Total	\$1,356,727

Federal Aid Match Obligation

The District expects to receive approximately \$125 million annually under the BESTEA/ISTEA program . The Cash Flow Proforma model demonstrates that assuming the agency manages within the subproject budgets; it will have the necessary resources to meet the required local share match for the projects undertaken.

Please note that any variances from the sub-project budgets in either negative construction costs, project management costs and/or non-participating costs will require a reduction or implementation delay of other sub-projects defined in this budget.

In previous years, the assumption was to finance subproject negative variances from future

additions of other revenue and/or debt sources. The FY 1998 Capital Budget acknowledged that the District's portion of the transportation program is funded exclusively with proceeds from the Motor Fuel Tax and therefore must manage and operate solely within the constraints of the Motor Fuel Tax revenue source. The FY 2003 Capital Budget continues to rely on that policy and strives to ensure its full compliance.

Revolving Fund

Pursuant to PL 104-21 §4(b), the District is required to maintain an independent revolving fund in the amount of \$5 million reserved for the prompt payment of contractors completing transportation projects in the District. The revolving fund is a bank account where cash (revenue) is wire-transferred from the Federal Highway Administration to the revolving fund bank account as a result of the District's weekly billing cycle. Subsequently, the same amount is transferred from the revolving fund bank account to the custodial account in order to reimburse the custodial account for Federal Highway financed expenditures.

During FY 1996 the District borrowed \$5 million from the U.S. Treasury to capitalize the Revolving Fund. During FY 1997, the District refinanced the U.S. Treasury loan with general obligation bonds. Final repayment of the U.S. Treasury loan was made in FY 1998.

Summary

It is clear that the District is at a crossroads in its transportation program. The Office of Budget and Planning - Capital Division is working with the Department of Transportation to reverse the decline in the condition and performance of District streets, highways, and bridges.

In order to accomplish this goal, in 1997 the Department of Public Works developed a Strategic Transportation Plan that identifies the transportation strategies that will position the District as a world-class capital. Additionally, joint efforts such as the Multi-modal Transportation Needs and Candidate Actions and Investments Report between the U.S. Department of Transportation (USDOT) and the Department of Public Works; provide a solid

foundation for a Strategic Transportation Action and Investment Program. This type of effort serves as the first step in implementing the District's long-range Strategic Transportation Plan.

It is also clear that the Highway Trust Fund has a key financial and programmatic role in the District's overall transportation plan. Moreover, the Highway Trust Fund will continue to have a leading role in the District's Strategic Transportation Plan in the future. This volume outlines the financial resources necessary for the DDOT to carryout its mission as outlined earlier and detailed in the project description forms that follow.

If the District is to raise the standards for its transportation system, it will require enhanced local and regional funding. Focusing on the needs of the Highway Trust Fund will certainly prevent a similar situation the District experienced leading up to and including FY 1995.

Finally, the FY 2003 through 2008 Capital Improvements Plan and FY 2003 Capital Budget emphasizes working together in order to succeed. It is therefore critical that the Highway Trust Fund connects this resource to the result of better transportation infrastructure in the District. In order to accomplish this, management must be diligent in adhering to the following principles and guidelines:

- Maximizing the construction projects implemented within the Transportation Program;
- Managing the Highway Trust Fund within the constraints of the proceeds of the Motor Fuel Tax;
- Maintaining diligence in the review of sub-project budgets;
- Paying close attention to the issues of coordination of contract review and procurement processing; and
- Becoming proactive in the implementation of contractual construction projects.

Figure -KA0-7

Transportation Facilities Highway Trust Fund Cash Flow Proforma

Sources									
Beginning Balance				\$571,156,917	\$45,811,828	\$446,392,486	\$492,204,314		
Interest Earnings ⁵	\$65,962,663		\$505,194,254 ³	\$3,796,281	\$590,125	0	\$590,125		\$590,125
Motor Fuel Tax	\$3,796,281	0	0	\$28,483,801	\$28,856,000	0	\$28,856,000		\$28,856,000
Fed Aid Apportionment ¹⁰	\$28,483,801	0	\$121,000,000	\$121,000,000	\$0	\$123,420,000	\$123,420,000		\$123,420,000
Total	\$98,242,745	\$626,194,254	\$724,436,999	\$75,257,953	\$569,812,486		\$645,070,439		
Uses									
Est. Project Management ⁶	\$6,468,644	\$15,983,596	\$22,452,240	\$3,143,607	\$13,309,976		\$16,453,583		
Est. Non-Participating Cost ⁷	\$9,771,394	0	\$9,771,394	\$2,011,597	0		\$2,011,597		
Est. Design, Site, Constr. & Equip. Cost ⁸	\$36,190,879	\$163,818,172	\$200,009,051	\$36,172,294	\$171,955,147		\$208,127,441		
Total	\$52,430,917	\$179,801,768	\$232,232,685	\$41,327,498	\$185,265,123		\$226,592,621		
ENDING BALANCE¹¹	\$45,811,828	\$446,392,486	\$492,204,314	\$33,930,455	\$384,547,363		\$418,477,818		
REVOLVING FUND BALANCE⁹	\$5,000,000			\$5,000,000					

- 1 Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.
- 2 Federal Aid commitment balances (Federal Obligations) and projection of matching grants.
- 3 This includes the reallocation of \$173 million from the Barney Circle project to be used as follows: \$98 million for local streets and \$75 million for special Federal Initiatives.
- 4 Fiscal Year local share beginning balance represents cash and investments less the revolving fund amount.
- 5 Interest Earnings is estimated based on a percentage of annual revenues, minus expenditures. The rate used for calculating projected interest earnings dropped from 6.25% to 1.50%.
- 6 Project Management consists of salaries of in-house employees and contracted construction management services.
- 7 Non-Participating Costs are those costs not eligible for Federal Aid Match and include overhead costs in excess of the 15% of construction cost, utility and sewage repairs and construction enhancement not covered by the Federal Highway Administration.
- 8 Construction, Design, Site and Equipment expenditures eligible for Federal Aid match.
- 9 The District maintains a revolving fund to ensure the timely payment of contractors.
- 10 Apportionments are greater than the amount that can be obligated each year. The obligation ceiling limits the obligation in a given year to approximately 81% of the apportionments.
- 11 Ending Balance (Fund Balance) - is sources of funds less uses of funds; or total assets less total liabilities obtained from the Balance Sheet (Financial State)

Figure - KAO-7

Transportation Facilities Highway Trust Fund Cash Flow Proforma

Sources									
Beginning Balance					\$418,477,818	\$24,996,890	\$301,996,042	\$326,992,932	
Interest Earnings ⁵	⁴	\$33,930,455	³	\$384,547,363	\$435,993	\$265,727	0	\$265,727	
Motor Fuel Tax		\$28,960,000	0	0	\$28,960,000	\$29,845,000	0	\$29,845,000	
Fed Aid Apportionment ¹⁰		0	\$125,888,400	\$125,888,400	\$125,888,400	0	\$128,406,168	\$128,406,168	
Total		\$63,326,448	\$510,435,763	\$573,762,211	\$55,107,617	\$430,402,210	\$485,509,827	\$485,509,827	
Uses									
Est. Project Management ⁶		\$2,780,938	\$17,937,285	\$20,718,223	\$4,498,669	\$24,405,138	\$28,903,807	\$28,903,807	
Est. Non-Participating Cost ⁷		\$1,857,077	0	\$1,857,077	\$2,215,398	0	\$2,215,398	\$2,215,398	
Est. Design, Site, Constr. & Equip. Cost ⁸		\$33,691,543	\$190,502,436	\$224,193,979	\$36,829,822	\$216,545,047	\$253,374,869	\$253,374,869	
Total		\$38,329,558	\$208,439,721	\$246,769,279	\$43,543,889	\$240,950,185	\$284,494,074	\$284,494,074	
ENDING BALANCE¹¹		\$24,996,890	\$301,996,042	\$326,992,932	\$11,563,728	\$189,452,025	\$201,015,753	\$201,015,753	
REVOLVING FUND BALANCE⁹		\$5,000,000			\$5,000,000				

1. Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.
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Figure -KA0-7

Transportation Facilities Highway Trust Fund Cash Flow Proforma

Sources									
Beginning Balance					\$201,015,753	\$635,058	\$101,566,995	\$102,202,053	
Interest Earnings ⁵	\$11,563,728	⁴	³	\$189,452,025	\$84,758	\$0	0	\$0	
Motor Fuel Tax	\$84,758		0	0	\$30,563,000	\$31,299,000	0	\$31,299,000	
Fed Aid Apportionment ¹⁰	\$30,563,000		0	\$130,974,291	\$130,974,291	\$0	\$133,593,776	\$133,593,776	
Total	\$42,211,486		\$320,426,316	\$362,637,802	\$31,934,058	\$235,160,771	\$267,094,829		
Uses									
Est. Project Management ⁶	\$5,559,166		\$25,407,929	\$30,967,095	\$5,762,593	\$23,673,105	\$29,435,698		
Est. Non-Participating Cost ⁷	\$2,223,718		0	\$2,223,718	\$2,040,974	0	\$2,040,974		
Est. Design, Site, Constr. & Equip. Cost ⁸	\$33,793,544		\$193,451,392	\$227,244,936	\$28,835,841	\$171,064,151	\$199,899,992		
Total	\$41,576,428		\$218,859,321	\$260,435,749	\$36,639,408	\$194,737,256	\$231,376,664		
ENDING BALANCE¹¹	\$635,058		\$101,566,995	\$102,202,053	(\$4,705,350)	\$40,423,515	\$35,718,165		
REVOLVING FUND BALANCE⁹	\$5,000,000				\$5,000,000				

¹ Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.

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12. Please be advised that the monthly interest calculation for FY 2006 reflected a negative amount, therefore no entry is being shown for this year even though the beginning balance was a positive figure.

Figure -KA0-7

Transportation Facilities Highway Trust Fund Cash Flow Proforma

Sources									
Beginning Balance					\$35,718,165	\$1,741,591	\$28,440,162	\$30,181,753	
Interest Earnings ⁵				0	\$0	\$93,890	0	\$93,890	
Motor Fuel Tax				0	\$32,053,000	\$32,825,000	0	\$32,825,000	
Fed Aid Apportionment ¹⁰				\$135,000,000	\$135,000,000	\$0	135,000,000	\$135,000,000	
Total				\$175,423,515	\$202,771,165	\$34,660,481	\$163,440,162	\$198,100,643	
Uses									
Est. Project Management ⁶				\$17,220,321	\$21,198,688	\$3,612,505	\$14,978,593	\$18,591,098	
Est. Non-Participating Cost ⁷				0	\$1,421,863	1,338,398	0	\$1,338,398	
Est. Design, Site, Constr. & Equip. Cost ⁸				\$129,763,032	\$149,968,861	\$19,495,905	\$121,636,146	\$141,132,051	
Total				\$146,983,353	\$172,589,412	\$24,446,808	\$136,614,739	\$161,061,547	
ENDING BALANCE¹¹				\$28,440,162	\$30,181,753	\$10,213,673	\$26,825,423	\$37,039,096	
REVOLVING FUND BALANCE⁹				\$5,000,000		\$5,000,000			

1. Local revenues and District's share of expenditures utilized to support implementation of Federal Aid projects.

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Project Description Forms Local

